



Texas Department of Insurance

Division of Workers' Compensation

Medical Fee Dispute Resolution, MS-48

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MEDICAL FEE DISPUTE RESOLUTION FINDINGS AND DECISION

GENERAL INFORMATION

Requestor Name and Address

ST LUKE'S EPISCOPAL HOSPITAL
6519 FANNIN
HOUSTON, TX 77030

DWC Claim #:
Injured Employee:
Date of Injury:
Employer Name:
Insurance Carrier #:

Respondent Name

HIGHLANDS INSURANCE CO

Carrier's Austin Representative Box

Box Number 01

MFDR Tracking Number

M4-98-3863-01

REQUESTOR'S POSITION SUMMARY

Requestor's Position Summary: "On December 6, 1995, the Third Court of Appeals in Austin rendered a judgment that the Texas Workers' Compensation Commission rule establishing a fee guideline for acute care, inpatient hospital services was void. That guideline was adopted by reference in Title 28 Texas Administrative Code 134.400. On December 13, 1996, the Texas Supreme Court denied an application by the Commission for review of the judgment of the Third Court of Appeals... The judgment of the Third Court of Appeals has become final and effective that the Acute Care Inpatient Hospital Fee Guideline (per diem rates) has been declare void. Due to the finality of the judgment of the Third Court of Appeals, a hospital may resubmit specific bills for acute care, inpatient hospital services if the services covered by the bills were provided on or after December 6, 1995. Resubmitted bills may be sent on the basis that reimbursement under the Guideline did not allegedly comport with the provisions of the Texas Workers' Compensation Act [e.g. Texas Labor Code 413.11(a) and (b)]. Insurance carrier should process those resubmitted bills, which must comply with the Commission's requirements set out in Title 28 Texas Administrative Code 134.800, in accordance with the provisions of the Texas Workers' Compensation Act."

Amount in Dispute: \$16,484.90

RESPONDENT'S POSITION SUMMARY

Respondent's Position Summary: "It is the Respondent's position that, although the hospital in-patient fee guidelines set out in Rule 134.400 have been officially declared void and unenforceable, the amounts set out therein for reimbursement do constitute a fair and reasonable reimbursement for the itemized services in dispute. ...It is the carrier's position the amounts reimbursed to the requester in the amount of \$3,709.20 were fair and reasonable and that they met all statutory requirements of Texas Labor Code Section 413.031, and that they insure the quality of medical care and achieve effective medical cost control. The amount reimbursed is not in excess of the fee reimbursement for similar treatment of an injured individual of an equivalent standard of living and paid by that individual or by someone acting on the individual's behalf. It also reflects consideration of the increased security of payment afforded by the Act in establishing guidelines for reimbursement."

Response Submitted by: Highlands Insurance Co. c/o Hammerman & Gainer, Inc., PO Box 26050, Austin, TX 78755

SUMMARY OF FINDINGS

Date(s) of Service	Disputed Services	Amount In Dispute	Amount Due
August 5, 1996 Through August 8, 1996	Inpatient Hospital Services	\$16,484.90	\$0.00

FINDINGS AND DECISION

This medical fee dispute is decided pursuant to Texas Labor Code §413.031 and all applicable, adopted rules of the Texas Department of Insurance, Division of Workers' Compensation.

Background

1. Former 28 Texas Administrative Code §133.305, effective June 3, 1991, 16 *Texas Register* 2830, sets out the procedures for resolving medical fee disputes.
2. Former 28 Texas Administrative Code §134.1(f) effective October 7, 1991, 16 *Texas Register* 5210, sets out the reimbursement guidelines for the services in dispute.
3. This request for medical fee dispute resolution was received by the Division on July 2, 1997.
4. The services in dispute were reduced/denied by the respondent with the following reason codes:
 - F- Reduction According to Fee Guidelines.

Findings

1. This dispute relates to inpatient hospital services. The former agency's *Acute Care Inpatient Hospital Fee Guideline* at 28 Texas Administrative Code §134.400, 17 *TexReg* 4949, was declared invalid in the case of *Texas Hospital Association v. Texas Workers' Compensation Commission*, 911 *South Western Reporter Second* 884 (Texas Appeals – Austin, 1995, writ of error denied January 10, 1997). As no specific fee guideline existed for acute care inpatient hospital services during the time period that the disputed services were rendered, the 1991 version of 28 Texas Administrative Code §134.1(f) applies as the proper Division rule to address fee payment issues in this dispute, as confirmed by the Court's opinion in *All Saints Health System v. Texas Workers' Compensation Commission*, 125 *South Western Reporter Third* 96 (Texas Appeals – Austin, 2003, petition for review denied). 28 Texas Administrative Code §134.1(f), effective October 7, 1991, 16 *Texas Register* 5210, requires that "Reimbursement for services not identified in an established fee guideline shall be reimbursed at fair and reasonable rates as described in the Texas Workers' Compensation Act, sec. 8.21(b), until such period that specific fee guidelines are established by the commission."
2. The former Texas Workers' Compensation Act section 8.21 was repealed, effective September 1, 1993 by Acts 1993, 73rd Legislature, chapter 269, section 5(2). Therefore, for services rendered on or after September 1, 1993, the applicable statute is the former version of Texas Labor Code section 413.011(b), Acts 1993, 73rd Legislature, chapter 269, section 1, effective September 1, 1993, which states, in pertinent part, that "Guidelines for medical services fees must be fair and reasonable and designed to ensure the quality of medical care and to achieve effective medical cost control. The guidelines may not provide for payment of a fee in excess of the fee charged for similar treatment of an injured individual of an equivalent standard of living and paid by that individual or by someone acting on that individual's behalf. The commission shall consider the increased security of payment afforded by this subtitle."
3. Review of the submitted documentation finds that:
 - The requestor's position statement asserts that "On December 6, 1995, the Third Court of Appeals in Austin rendered a judgment that the Texas Workers' Compensation Commission rule establishing a fee guideline for acute care, inpatient hospital services was void. That guideline was adopted by reference in Title 28 Texas Administrative Code 134.400. On December 13, 1996, the Texas Supreme Court denied an application by the Commission for review of the judgment of the Third Court of Appeals...The judgment of the Third Court of Appeals has become final and effective that the Acute Care Inpatient Hospital Fee Guideline (per diem rates) has been declare void. Due to the finality of the judgment of the Third Court of Appeals, a hospital may resubmit specific bills for acute care, inpatient hospital services if the services

covered by the bills were provided on or after December 6, 1995. Resubmitted bills may be sent on the basis that reimbursement under the Guideline did not allegedly comport with the provisions of the Texas Workers' Compensation Act [e.g. Texas Labor Code 413.11(a) and (b)]. Insurance carrier should process those resubmitted bills, which must comply with the Commission's requirements set out in Title 28 Texas Administrative Code 134.800, in accordance with the provisions of the Texas Workers' Compensation Act."

- In numbered paragraph 4 of St. Luke's Supplemental Response to TWCC Advisory 98-01, the requestor asserts "The request for reimbursement does not provide for payment of a fee in excess of the fee charged for similar treatment of an individual of an equivalent standard of living and paid by that individual or by someone acting on that individual's behalf. Yet in numbered paragraph 1, the requester states, in pertinent part, that "St. Luke's discount rates for workers' compensation and managed care contracts are as follows:...

Workers' Compensation... Managed Care Contracts...

1996	47.8%	1996	41.6%
1997	50%	1997	45.3%

The requestor is seeking reimbursement at 100% of the billed charges for the services in dispute, or in the alternative 97% of fees charged. Given that the requestor states that it discounted its other workers' compensation and managed care contracts services by 47.8% and 41.6% respectively during 1996, the same year that the disputed services were performed, the Division finds that the requestor has not supported its assertion that the request for reimbursement does not provide for payment of a fee in excess of the fee charged for similar treatment of an individual of an equivalent standard of living and paid by that individual or by someone acting on that individual's behalf.

- The Division finds that a reimbursement methodology based upon payment of a hospital's billed charges, or a percentage of billed charges, does not produce an acceptable payment amount. Such a reimbursement methodology would leave the ultimate reimbursement in the control of the hospital, thus defeating the statutory objective of effective cost control and the statutory standard not to pay more than for similar treatment of an injured individual of an equivalent standard of living. It also provides no incentive to contain medical costs. Therefore, a reimbursement amount that is calculated based upon a percentage of a hospital's billed charges cannot be favorably considered when no other data or documentation was submitted to support that the payment amount being sought is a fair and reasonable reimbursement for the services in dispute.
- The requestor does not discuss or explain how payment of the amount sought would result in a fair and reasonable reimbursement for the services in this dispute.
- The requestor did not submit documentation to support that the payment amount being sought is a fair and reasonable rate of reimbursement for the disputed services.
- The requestor does not discuss or explain how payment of the requested amount would satisfy the requirements of 28 Texas Administrative Code §134.1.

The request for additional reimbursement is not supported. Thorough review of the documentation submitted by the requestor finds that the requestor has not demonstrated or justified that payment of the amount sought would be a fair and reasonable rate of reimbursement for the services in dispute. Additional payment cannot be recommended.

Conclusion

The Division would like to emphasize that individual medical fee dispute outcomes rely upon the evidence presented by the requestor and respondent during dispute resolution, and the thorough review and consideration of that evidence. After thorough review and consideration of all the evidence presented by the parties to this dispute, it is determined that the submitted documentation does not support the reimbursement amount sought by the requestor. The Division concludes that this dispute was not filed in the form and manner prescribed under 28 Texas Administrative Code §133.305(d). The Division further concludes that the requestor failed to support its position that additional reimbursement is due. As a result, the amount ordered is \$0.00.

ORDER

Based upon the documentation submitted by the parties and in accordance with the provisions of Texas Labor Code §413.031, the Division has determined that the requestor is entitled to \$0.00 reimbursement for the disputed services.

Authorized Signature

Signature

Medical Fee Dispute Resolution Officer

10/25/2011

Date

YOUR RIGHT TO REQUEST AN APPEAL

Either party to this medical fee dispute has a right to request an appeal. A request for hearing must be in writing and it must be received by the DWC Chief Clerk of Proceedings within **twenty** days of your receipt of this decision. A request for hearing should be sent to: Chief Clerk of Proceedings, Texas Department of Insurance, Division of Workers Compensation, P.O. Box 17787, Austin, Texas, 78744. The party seeking review of the MDR decision shall deliver a copy of the request for a hearing to all other parties involved in the dispute at the same time the request is filed with the Division. **Please include a copy of the *Medical Fee Dispute Resolution Findings and Decision*** together with any other required information specified in 28 Texas Administrative Code §148.3(c), including a **certificate of service demonstrating that the request has been sent to the other party**.

Si prefiere hablar con una persona en español acerca de ésta correspondencia, favor de llamar a 512-804-4812.